



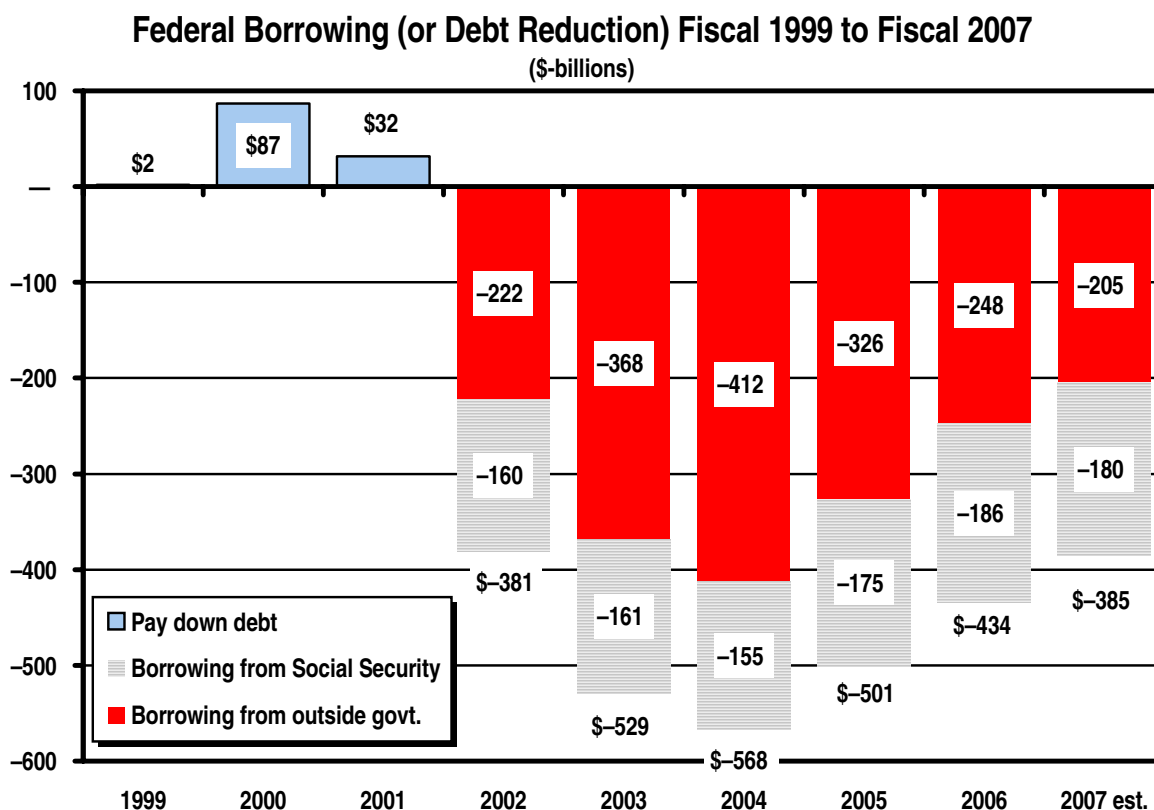
President's Reckless Tax and Fiscal Policies Force Congress to Raise National Debt Limit — Again

President George W. Bush has added \$3 trillion to the national debt so far, despite inheriting a balanced budget when he took office in 2001. Since then, Congress has been forced to raise the statutory limit on the total amount the federal government is allowed to borrow four times — in 2002, 2003, 2004 and 2006. Yesterday, the Senate Finance Committee approved legislation to raise the debt limit a fifth time, to an unprecedented \$9.815 trillion, to prevent the federal government from defaulting on its debts and being unable to borrow any more. In contrast, when Bush took office, the debt limit was \$5.950 trillion — \$3.9 trillion less than the new amount.

Budget Deficit Worse Than Many Realize

The President has tried repeatedly in recent months to spin the gloomy fiscal news in his favor. Earlier this summer, the administration lowered the projected federal budget deficit for 2007 from \$244 billion to \$205 billion and claimed this as evidence that the Bush tax cuts have succeeded in causing revenues to actually increase! But the truth is that income tax revenues remain far below their pre-Bush level as a share of the economy.

The White House's Office of Management and Budget Mid-Session Review shows that in projecting this year's deficit, the administration is not counting the \$180 billion it will borrow and spend from the Social Security Trust Fund — money that, of course will have to be paid back



as the baby boomers retire. Counting the borrowing from Social Security, this year's actual projected deficit will be \$385 billion — almost double the deficit figure claimed by the administration.

The Bush Tax Cuts Have Sent the Deficit to Dizzying Heights

What has caused the budget deficits over the past six years? The largest cause is the cuts in federal income taxes enacted by President Bush and Congress. Federal income taxes fell from 10.1 percent of the gross domestic product in fiscal year 2000 to an average of only 7.3 percent of the GDP in fiscal 2002 through 2006 — a 28 percent drop — and are now near their lowest levels as a share of the GDP in 55 years.

The total cost of the Bush tax cuts, including interest on the money borrowed to finance them, has been just over \$1.4 trillion so far — about half of the total increase in the national debt under Bush so far.

About Half of National Debt Under Bush Results from Tax Cuts
(\$-trillions)

